

Message Text

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44

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FM SECSTATE WASHDC

TO AMEMBASSY LISBON PRIORITY

INFO AMCONSUL LUANDA PRIORITY

UNCLAS STATE 198109

E.O. 11652: N/A

DAGS: EIND, ETRD, AO, PO

SUBJECT: FERROUS SCRAP EXPORTS: THIRD QUARTER CONTINGENCY
RESERVE ALLOCATIONS

REF : LISBON 3739

1. THIRD QUARTER 10,000 ST FERROUS SCRAP CONTINGENCY
ALLOCATION TO ANGOLA MAY NOT RPT NOT BE DEFERRED TO FOURTH
QUARTER OR SUBSEQUENT PERIOD ALTHOUGH (AS NOTED BELOW)
ACTUAL EXPORT OF THIS SCRAP COULD TAKE PLACE AS LATE AS
DECEMBER 1974.

2. SNA INABILITY TO TAKE UP ITS CONTINGENCY RESERVE
ALLOCATION WOULD BE UNFORTUNATE, SINCE AT THIS LATE STAGE
IT WOULD BE VERY DIFFICULT TO RE-ALLOCATE TONNAGE TO OTHER
CONTINGENCY RESERVE APPLICANTS (OF WHOM THERE WERE MANY IN
THIRD QUARTER THAT DID NOT RECEIVE ANY ALLOCATION, OR WHO
RECEIVED ALLOCATIONS LOWER THAN REQUESTED), AND ANGOLA ALLO-
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CATION MIGHT THUS BE "LOST" INsofar AS THIRD QUARTER
CONTINGENCY RESERVE ALLOCATIONS ARE CONCERNED.

3. WE EXPECT THAT CONTINUED STRONG FOREIGN DEMAND FOR US
SCRAP, AND INCREASED PRESSURES FROM A GROWING NUMBER OF
COUNTRIES WITH VERY STRONG JUSTIFICATIONS FOR FOURTH
QUARTER CONTINGENCY RESERVE ALLOCATIONS WILL BE GREATER
THAN EVER BEFORE. NON-UTILIZATION BY SNA OF ITS THIRD

QUARTER CONTINGENCY ALLOCATION AND QUESTION OF HOW LONG SNA
PRODUCTION CUT BACK WILL LAST DUE TO UNCERTAINTIES IN
ANGOLAN SITUATION WHICH YOU CITE WOULD HAVE TO BE TAKEN
INTO CONSIDERATION IN USG ALLOCATION OF FOURTH QUARTER
CONTINGENCY RESERVE. WHILE SUCH NON-UTILIZATION WOULD
NOT PRECLUDE A POSSIBLE FOURTH QUARTER CONTINGENCY
ALLOCATION TO ANGOLA, SNA SHOULD BE AWARE THAT FOURTH
QUARTER CONTINGENCY ALLOCATIONS WILL BE MADE LARGELY ON
BASIS OF FOREIGN GOVERNMENT JUSTIFICATIONS MADE AT THE
TIME, AND THAT SUCH ALLOCATIONS WILL BE SUBJECT OF INTENSE
COMPETITION.

4. WE STRONGLY SUGGEST THAT THE EMBASSY RECOMMEND TO SNA
THAT IF THERE IS ANY WAY POSSIBLE, THE COMPANY SHOULD
UTILIZE ITS THIRD QUARTER ALLOCATION AND STOCKPILE THE
SCRAP IF NECESSARY. IF TIMING IS AN IMPORTANT FACTOR, YOU
CAN REMIND SNA THAT EXPORT LICENSES WILL NOT BE ISSUED
UNTIL SEPT. 24, AND HAVE A VALIDITY OF 90 DAYS. THIS
MEANS THAT SHIPMENT FROM THE US NEED NOT BE MADE UNTIL
LATE DECEMBER. WE WOULD APPRECIATE SNA REACTION SOONEST.
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*** Current Handling Restrictions *** n/a

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